



**OZARK COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-92
September 17, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ozark, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ozark County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- In April 2000 the county separated its road and bridge operations into two districts, East and West. Road funds are split evenly between the two districts, and each district maintains separate records, separate employees, and separate equipment. In 2001, the Eastern District did not have an adequate cash balance to pay for rock and borrowed \$49,000 through a tax anticipation note, incurring interest expense of \$1,240.

The county's reasons for dividing the Special Road and Bridge Fund into two separate districts is not clear. In addition, the county's method of dividing the funds is questionable, as no consideration was given to road quality at the time of the split, assessed valuations of the two districts, etc. Further, if the county had not separated the Special Road and Bridge fund, it appears it would not have been necessary for the county to borrow funds and incur interest expense.

- The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Federal project monies were held for longer than the two day maximum allowed by the Cash Management Improvement Act.

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YELLOW SHEET

- The county does not have procedures in place to track federal awards for preparation of the schedule of federal awards. The information presented by the County Clerk contained numerous errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Ozark County's Associate County Commissioners salaries were each increased.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to the Associate County Commissioners, totaling approximately \$7,800 for the two years ended December 31, 2000, should be repaid.

- The County Commission does not maintain adequately detailed minutes of its meetings. Minutes do not reflect voting, abstaining from voting, phone bids solicited or sole source procurement. In addition, as of July 17, 2002, the last entry in the official record book was for July 1, 2002.

Also included in the audit are recommendations to the County Commission related to bidding and expenditure documentation, bonding county employees, budgetary procedures, and maintaining adequate general fixed asset records. In addition, recommendations were made to improve the accounting controls and procedures of the Recycling Center, County Treasurer, and Health Center.

All reports are available on our website: www.auditor.state.mo.us

OZARK COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Ozark County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ozark County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 25, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ozark County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Amy E. Fast
Audit Staff:	Ted Fugitt, CPA
	Troy Royer
	Curtis Gannon
	Monte Davault



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ozark County, Missouri

We have audited the special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ozark County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ozark County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the

special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Ozark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

OZARK COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 61,766	1,261,220	1,079,953	243,033
Special Road and Bridge	49,593	967,233	925,239	91,587
Assessment	17	142,877	138,229	4,665
Law Enforcement Training	1,384	1,782	1,937	1,229
Prosecuting Attorney Training	1,093	378	976	495
Prosecuting Attorney Bad Check	3,847	3,015	2,520	4,342
Capital Improvement Sales Tax	180,301	238,040	205,640	212,701
Project #97 PF-21	1,363	244,074	244,074	1,363
Law Enforcement Sales Tax	45	268,582	252,516	16,111
Local Emergency Planning Commission	2,686	3,891	2,001	4,576
Peace Officer Standards Training	1,007	661	1,668	0
Election Services	1,237	1,553	719	2,071
Recorder User Fee	22,427	8,126	25,682	4,871
Health Center	89,180	467,889	471,678	85,391
Associate Circuit Court Interest	0	537	537	0
Circuit Clerk Interest	248	2,705	1,247	1,706
Law Library	3,833	1,834	242	5,425
Sheriff's Equipment	51	0	0	51
Children of Domestic Violence	265	415	0	680
Emerald City Shelter	0	5,000	5,000	0
War Memorial	369	0	0	369
Total	\$ 420,712	3,619,812	3,359,858	680,666

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OZARK COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 21,651	1,057,380	1,017,265	61,766
Special Road and Bridge	49,477	869,181	869,065	49,593
Assessment	80	114,298	114,361	17
Law Enforcement Training	2,378	1,477	2,471	1,384
Prosecuting Attorney Training	1,092	370	369	1,093
Prosecuting Attorney Bad Check	3,068	2,129	1,350	3,847
Capital Improvement Sales Tax	133,276	226,155	179,130	180,301
Project #97 PF-21	0	380,619	379,256	1,363
Law Enforcement Sales Tax	0	163,001	162,956	45
Local Emergency Planning Commission	0	3,038	352	2,686
Peace Officer Standards Training	0	1,654	647	1,007
Election Services	0	1,637	400	1,237
Recorder User Fee	20,245	5,914	3,732	22,427
Health Center	57,862	449,310	417,992	89,180
Associate Circuit Court Interest	0	367	367	0
Circuit Clerk Interest	813	820	1,385	248
Law Library	2,364	1,634	165	3,833
Sheriff's Equipment	51	0	0	51
Children of Domestic Violence	260	455	450	265
War Memorial	369	0	0	369
Total	\$ 292,986	3,279,439	3,151,713	420,712

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,485,066	3,614,397	129,331	3,481,572	3,277,330	(204,242)
DISBURSEMENTS	3,556,413	3,354,858	201,555	3,605,119	3,150,616	454,503
RECEIPTS OVER (UNDER) DISBURSEMENTS	(71,347)	259,539	330,886	(123,547)	126,714	250,261
CASH, JANUARY 1	449,679	420,027	(29,652)	292,736	292,306	(430)
CASH, DECEMBER 31	378,332	679,566	301,234	169,189	419,020	249,831
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	131,000	121,831	(9,169)	117,500	108,576	(8,924)
Sales taxes	465,000	494,759	29,759	450,000	467,432	17,432
Intergovernmental	221,406	318,674	97,268	209,150	258,221	49,071
Charges for services	143,800	155,793	11,993	125,650	179,934	54,284
Interest	3,000	3,784	784	2,050	3,083	1,033
Other	68,300	42,502	(25,798)	62,138	40,134	(22,004)
Transfers in	106,951	123,877	16,926	75,000	0	(75,000)
Total Receipts	1,139,457	1,261,220	121,763	1,041,488	1,057,380	15,892
DISBURSEMENTS						
County Commission	66,027	66,314	(287)	66,533	64,810	1,723
County Clerk	51,976	50,343	1,633	51,820	49,202	2,618
Elections	23,902	22,153	1,749	44,940	41,203	3,737
Buildings and grounds	75,152	56,357	18,795	52,384	50,341	2,043
Employee fringe benefits	142,800	146,406	(3,606)	127,955	120,264	7,691
County Treasurer	25,308	24,109	1,199	24,402	24,167	235
County Collector	56,486	49,822	6,664	50,973	48,148	2,825
Circuit Clerk/Ex Officio Recorder of Deeds	38,539	57,591	(19,052)	28,216	23,954	4,262
Associate Circuit Court	14,500	8,320	6,180	13,280	9,098	4,182
Court administration	0	0	0	5,034	4,797	237
Public Administrator	34,678	26,497	8,181	17,855	22,030	(4,175)
Sheriff	173,322	162,410	10,912	317,066	303,115	13,951
Jail	129,954	152,373	(22,419)	38,311	38,307	4
Prosecuting Attorney	61,598	62,316	(718)	21,107	26,618	(5,511)
Juvenile Officer	0	0	0	18,065	15,890	2,175
County Coroner	8,550	8,550	0	13,154	12,675	479
Recycling	43,062	44,918	(1,856)	39,772	39,971	(199)
IVD	22,000	22,332	(332)	17,040	17,015	25
Emergency Management	2,000	668	1,332	2,000	247	1,753
Other	75,834	70,761	5,073	71,732	51,787	19,945
Transfers out	46,040	47,713	(1,673)	43,574	53,626	(10,052)
Emergency Fund	34,184	0	34,184	31,244	0	31,244
Total Disbursements	1,125,912	1,079,953	45,959	1,096,457	1,017,265	79,192
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,545	181,267	167,722	(54,969)	40,115	95,084
CASH, JANUARY 1	61,766	61,766	0	21,651	21,651	0
CASH, DECEMBER 31	75,311	243,033	167,722	(33,318)	61,766	95,084

Exhibit B

OZARK COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	168,000	170,412	2,412	160,700	162,296	1,596
Intergovernmental	731,200	733,963	2,763	660,880	689,922	29,042
Charges for services	10,000	3,442	(6,558)	5,000	12,130	7,130
Interest	3,500	2,507	(993)	3,000	4,056	1,056
Loan proceeds	0	49,000	49,000	0	0	0
Other	800	5,817	5,017	3,650	777	(2,873)
Transfers in	6,000	2,092	(3,908)	0	0	0
Total Receipts	919,500	967,233	47,733	833,230	869,181	35,951
DISBURSEMENTS						
Salaries	353,000	350,862	2,138	329,000	327,853	1,147
Employee fringe benefits	89,245	94,408	(5,163)	73,300	73,717	(417)
Supplies	65,500	70,238	(4,738)	55,500	81,510	(26,010)
Insurance	23,000	22,655	345	22,000	22,815	(815)
Road and bridge materials	74,000	76,643	(2,643)	107,000	52,843	54,157
Equipment repairs	90,500	95,743	(5,243)	94,000	68,652	25,348
Equipment purchases	87,169	86,819	350	100,345	99,864	481
Construction, repair, and maintenance	130,950	113,575	17,375	91,200	122,126	(30,926)
Other	17,183	14,296	2,887	16,333	19,685	(3,352)
Total Disbursements	930,547	925,239	5,308	888,678	869,065	19,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,047)	41,994	53,041	(55,448)	116	55,564
CASH, JANUARY 1	49,593	49,593	0	49,477	49,477	0
CASH, DECEMBER 31	38,546	91,587	53,041	(5,971)	49,593	55,564
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	105,630	97,898	(7,732)	83,286	83,823	537
Interest	250	232	(18)	250	254	4
Other	0	159	159	0	21	21
Transfers in	46,040	44,588	(1,452)	43,574	30,200	(13,374)
Total Receipts	151,920	142,877	(9,043)	127,110	114,298	(12,812)
DISBURSEMENTS						
Assessor	151,670	138,229	13,441	127,110	114,361	12,749
Total Disbursements	151,670	138,229	13,441	127,110	114,361	12,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	4,648	4,398	0	(63)	(63)
CASH, JANUARY 1	17	17	0	80	80	0
CASH, DECEMBER 31	267	4,665	4,398	80	17	(63)

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,500	1,782	282	1,500	1,477	(23)
Total Receipts	1,500	1,782	282	1,500	1,477	(23)
DISBURSEMENTS						
Sheriff	2,000	1,937	63	1,800	2,471	(671)
Total Disbursements	2,000	1,937	63	1,800	2,471	(671)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(155)	345	(300)	(994)	(694)
CASH, JANUARY 1	1,384	1,384	0	2,378	2,378	0
CASH, DECEMBER 31	884	1,229	345	2,078	1,384	(694)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	400	378	(22)	400	370	(30)
Total Receipts	400	378	(22)	400	370	(30)
DISBURSEMENTS						
Prosecuting Attorney	450	976	(526)	550	369	181
Total Disbursements	450	976	(526)	550	369	181
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(598)	(548)	(150)	1	151
CASH, JANUARY 1	1,093	1,093	0	1,092	1,092	0
CASH, DECEMBER 31	1,043	495	(548)	942	1,093	151
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	2,300	3,015	715	2,600	2,129	(471)
Total Receipts	2,300	3,015	715	2,600	2,129	(471)
DISBURSEMENTS						
Prosecuting Attorney	5,650	2,520	3,130	2,800	1,350	1,450
Total Disbursements	5,650	2,520	3,130	2,800	1,350	1,450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,350)	495	3,845	(200)	779	979
CASH, JANUARY 1	3,847	3,847	0	3,068	3,068	0
CASH, DECEMBER 31	497	4,342	3,845	2,868	3,847	979

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	220,000	232,782	12,782	225,000	222,446	(2,554)
Interest	3,000	5,258	2,258	3,000	3,709	709
Total Receipts	223,000	238,040	15,040	228,000	226,155	(1,845)
DISBURSEMENTS						
Payments on jail bonds	182,469	107,240	75,229	181,000	177,906	3,094
Jail	0	716	(716)	0	1,224	(1,224)
Transfers out	84,890	97,684	(12,794)	75,000	0	75,000
Total Disbursements	267,359	205,640	61,719	256,000	179,130	76,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,359)	32,400	76,759	(28,000)	47,025	75,025
CASH, JANUARY 1	180,301	180,301	0	133,276	133,276	0
CASH, DECEMBER 31	135,942	212,701	76,759	105,276	180,301	75,025
<u>PROJECT #97 PF-21 FUND</u>						
RECEIPTS						
Intergovernmental	292,356	244,074	(48,282)	630,609	380,619	(249,990)
Total Receipts	292,356	244,074	(48,282)	630,609	380,619	(249,990)
DISBURSEMENTS						
Bridge construction	293,719	241,982	51,737	630,609	379,256	251,353
Transfers out	0	2,092	(2,092)	0	0	0
Total Disbursements	293,719	244,074	49,645	630,609	379,256	251,353
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,363)	0	1,363	0	1,363	1,363
CASH, JANUARY 1	1,363	1,363	0	0	0	0
CASH, DECEMBER 31	0	1,363	1,363	0	1,363	1,363
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	220,000	232,068	12,068	125,000	140,632	15,632
Intergovernmental	35,000	32,749	(2,251)	0	0	0
Interest	400	593	193	0	308	308
Other	0	47	47	0	0	0
Transfers in	0	3,125	3,125	0	22,061	22,061
Total Receipts	255,400	268,582	13,182	125,000	163,001	38,001
DISBURSEMENTS						
Employee benefits	35,940	36,624	(684)	0	20,710	(20,710)
Juvenile Officer	18,061	15,683	2,378	0	0	0
Jail	0	0	0	76,590	108,259	(31,669)
Prosecuting Attorney	0	0	0	40,435	33,987	6,448
Coroner	4,940	4,608	332	0	0	0
Sheriff	166,500	164,200	2,300	0	0	0
Court administration	7,056	6,215	841	0	0	0
Transfers out	22,061	25,186	(3,125)	0	0	0
Total Disbursements	254,558	252,516	2,042	117,025	162,956	(45,931)
RECEIPTS OVER (UNDER) DISBURSEMENTS	842	16,066	15,224	7,975	45	(7,930)
CASH, JANUARY 1	45	45	0	0	0	0
CASH, DECEMBER 31	887	16,111	15,224	7,975	45	(7,930)

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	3,960	3,891	(69)	0	1,673	1,673
Transfers in	0	0	0	1,365	1,365	0
Total Receipts	<u>3,960</u>	<u>3,891</u>	<u>(69)</u>	<u>1,365</u>	<u>3,038</u>	<u>1,673</u>
DISBURSEMENTS						
Local emergency planning commission	4,251	2,001	2,250	1,365	352	1,013
Total Disbursements	<u>4,251</u>	<u>2,001</u>	<u>2,250</u>	<u>1,365</u>	<u>352</u>	<u>1,013</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(291)	1,890	2,181	0	2,686	2,686
CASH, JANUARY 1	2,686	2,686	0	0	0	0
CASH, DECEMBER 31	<u>2,395</u>	<u>4,576</u>	<u>2,181</u>	<u>0</u>	<u>2,686</u>	<u>2,686</u>
<u>PEACE OFFICER STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	661	161			
Total Receipts	<u>500</u>	<u>661</u>	<u>161</u>			
DISBURSEMENTS						
Peace Officer Standards Training	650	661	(11)			
Transfers out	0	1,007	(1,007)			
Total Disbursements	<u>650</u>	<u>1,668</u>	<u>(1,018)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(1,007)	(857)			
CASH, JANUARY 1	1,007	1,007	0			
CASH, DECEMBER 31	<u>857</u>	<u>0</u>	<u>(857)</u>			
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	150	1,504	1,354	800	1,626	826
Interest	0	49	49	0	11	11
Total Receipts	<u>150</u>	<u>1,553</u>	<u>1,403</u>	<u>800</u>	<u>1,637</u>	<u>837</u>
DISBURSEMENTS						
Elections	1,000	719	281	400	400	0
Total Disbursements	<u>1,000</u>	<u>719</u>	<u>281</u>	<u>400</u>	<u>400</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(850)	834	1,684	400	1,237	837
CASH, JANUARY 1	1,237	1,237	0	0	0	0
CASH, DECEMBER 31	<u>387</u>	<u>2,071</u>	<u>1,684</u>	<u>400</u>	<u>1,237</u>	<u>837</u>

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	5,400	7,896	2,496	5,850	5,425	(425)
Interest	0	230	230	0	489	489
Transfers in	8,173	0	(8,173)	0	0	0
Total Receipts	13,573	8,126	(5,447)	5,850	5,914	64
DISBURSEMENTS						
Ex Officio Recorder of Deeds	36,000	25,682	10,318	3,000	3,732	(732)
Total Disbursements	36,000	25,682	10,318	3,000	3,732	(732)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,427)	(17,556)	4,871	2,850	2,182	(668)
CASH, JANUARY 1	22,427	22,427	0	20,245	20,245	0
CASH, DECEMBER 31	0	4,871	4,871	23,095	22,427	(668)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	69,000	67,573	(1,427)	64,000	64,658	658
Intergovernmental	313,000	333,331	20,331	310,500	301,966	(8,534)
Charges for services	89,000	57,132	(31,868)	84,500	75,813	(8,687)
Interest	1,500	4,853	3,353	4,500	3,214	(1,286)
Other	6,000	5,000	(1,000)	18,000	3,659	(14,341)
Total Receipts	478,500	467,889	(10,611)	481,500	449,310	(32,190)
DISBURSEMENTS						
Salaries	294,000	295,025	(1,025)	297,400	282,243	15,157
Office expenditures	4,000	15,449	(11,449)	16,000	8,466	7,534
Supplies	4,500	15,755	(11,255)	16,000	4,242	11,758
Mileage and training	45,500	27,867	17,633	30,000	23,161	6,839
Contractual payments	91,000	96,366	(5,366)	100,000	90,676	9,324
Other	39,100	21,216	17,884	17,800	9,204	8,596
Total Disbursements	478,100	471,678	6,422	477,200	417,992	59,208
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	(3,789)	(4,189)	4,300	31,318	27,018
CASH, JANUARY 1	118,585	89,180	(29,405)	57,862	57,862	0
CASH, DECEMBER 31	118,985	85,391	(33,594)	62,162	89,180	27,018
<u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u>						
RECEIPTS						
Interest	500	537	37	500	367	(133)
Total Receipts	500	537	37	500	367	(133)
DISBURSEMENTS						
Associate Circuit Court	500	420	80	500	120	380
Remittances to General Revenue Fund	247	117	130	0	247	(247)
Total Disbursements	747	537	210	500	367	133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(247)	0	247	0	0	0
CASH, JANUARY 1	247	0	(247)	430	0	(430)
CASH, DECEMBER 31	0	0	0	430	0	(430)

Exhibit B

OZARK COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,000	2,705	1,705	800	820	20
Total Receipts	1,000	2,705	1,705	800	820	20
DISBURSEMENTS						
Circuit Clerk	800	1,247	(447)	1,425	1,385	40
Total Disbursements	800	1,247	(447)	1,425	1,385	40
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	1,458	1,258	(625)	(565)	60
CASH, JANUARY 1	248	248	0	813	813	0
CASH, DECEMBER 31	448	1,706	1,258	188	248	60
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Other	1,050	1,743	693	820	1,568	748
Interest	0	91	91	0	66	66
Total Receipts	1,050	1,834	784	820	1,634	814
DISBURSEMENTS						
Law Library	3,000	242	2,758	200	165	35
Total Disbursements	3,000	242	2,758	200	165	35
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,950)	1,592	3,542	620	1,469	849
CASH, JANUARY 1	3,833	3,833	0	2,364	2,364	0
CASH, DECEMBER 31	1,883	5,425	3,542	2,984	3,833	849

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

OZARK COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ozark County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Equipment Fund	2001 and 2000
Children of Domestic Violence Fund	2001 and 2000
War Memorial Fund	2001 and 2000
Emerald City Shelter Fund	2001
Peace Officer Standards Training Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2001
Peace Officer Standards Training Fund	2001
Circuit Clerk Interest Fund	2001
Law Enforcement Training Fund	2000
Law Enforcement Sales Tax Fund	2000
Recorder User Fee Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue and Special Road and Bridge Funds for the year ended December 31, 2000. However, the budgets of those funds also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balances presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2001 and 2000, did not include the Health Center Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance, by collateral securities held by the county's or board's custodial bank in the county's or board's name or by commercial insurance provided through a surety bond.

Supplementary Schedule

Schedule

OZARK COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-0177W ERS045-1177W ERS045-2177W	\$ 0 21,501 9,515	19,037 6,148 0
	Program Total		<u>31,016</u>	<u>25,185</u>
10.559	Summer Food Service Program for Children	ERS146-1177-I	240	0
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	32,184	54,714
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97-PF-21	57,354	71,521
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO164 ERO1640477	1,661 4,303	2,857 0
	Program Total		<u>5,964</u>	<u>2,857</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	98-UM-WX-2306	24,352	32,782
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	97-NCD15B-123 99-NCD15B-104	0 2,785	3,738 7,013
	Program Total		<u>2,785</u>	<u>10,751</u>
16.592	Local Law Enforcement Block Grants Program	2000-LBG-061	9,000	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,530	3,599

Schedule

OZARK COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-077(7)	103,566	390,889
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,562	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	1,789	734
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-1145L	1,787	0
93.268	Immunization Grants	N/A	14,288	9,685
Department of Social Services -				
93.563	Child Support Enforcement	N/A	14,668	4,095
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0177S	0	610
		PGA067-1177S	485	240
		PGA067-2177S	160	0
		PGA067-0177C	0	1,508
		PGA067-177C	1,280	220
		PGA067-2177C	1,125	0
	Program Total		<u>3,050</u>	<u>2,578</u>
Department of Health -				
93.940	HIV Prevention Activities - Health Department Based	N/A	0	5
93.991	Preventive Health and Health Services Block Grant	N/A	0	107

Schedule

OZARK COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0177M	0	11,968
		ERS146-1177M	11,585	3,178
		ERS146-0145M	0	24,173
		ERS146-1145M	29,270	8,270
		ERO175-0177FP	0	2,139
		ERS175-1177F	2,795	518
		ERS175-2052F	759	0
		C100015054	0	65
		N/A	1,207	534
	Program Total		<u>45,616</u>	<u>50,845</u>
	Total Expenditures of Federal Awards		\$ <u><u>350,751</u></u>	<u><u>660,347</u></u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OZARK COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ozark County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for the Preventative Health and Health Services Block Grant (CFDA number 93.991) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2001	2000
14.231	Emergency Shelter Grants Program	5,964	2,857
93.197	Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	1,787	0
93.994	Maternal and Child Health Services Block Grant to States	29,270	32,443

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Ozark County, Missouri

Compliance

We have audited the compliance of Ozark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ozark County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

Internal Control Over Compliance

The management of Ozark County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Ozark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 25, 2002 (fieldwork completion date)

Schedule

OZARK COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2001 AND 2000

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? x yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes _____ no

Identification of major program(s):

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program

20.205 Highway Planning and Construction
 Dollar threshold used to distinguish between Type A
 and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-1.	Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	97-PF-21
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-077(7)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

- A. During the two years ended December 31, 2001, the county participated in the Highway Planning and Construction Program and the Community Development Block Grant. Through these two programs, 100 percent of eligible expenses are reimbursed from federal funds passed through the Missouri Department of Transportation and the Missouri Department of Economic Development. During the two years, the county received and disbursed approximately \$623,000 through these programs.

The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. The County Commission maintains a separate fund for federal project monies, and makes payments to contractors subsequent to receiving the reimbursement from both federal grants. We noted several reimbursements which were held for an extended time period prior to being disbursed. Sixteen payments from both federal grants totaling \$337,322 were held for more than two days. Three of these payments totaling \$35,190 were held for more than twenty days.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received no more than two days prior to disbursement of a payment.

- B. Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2001 and 2000; however, it contained numerous errors and omissions. For example, expenditures relating to several federal grants were not included on the schedules, and programs reported did not include the required pass-through grantor's number. The incorrect reporting of amounts appears to be the result of reporting receipts, rather than expenditures of federal program monies, and reporting some non-federal programs. In total, expenditures were overstated by approximately \$225,000 and \$26,000 for 2001 and 2000, respectively.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal requirements which could result in future reductions of federal funds of the county.

WE RECOMMEND the County Commission:

- A. Establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.
- B. And the County Clerk prepare a complete and accurate schedule of expenditures of federal awards

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk provided the following responses:

- A. On future programs, we will ensure disbursement is made within two days.*
- B. On the 2003 budget, we will do our best to ensure all the numbers are reported.*

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

OZARK COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

OZARK COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OZARK COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002. We also have audited the compliance of Ozark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Ozark County but do not meet

the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. County Expenditures and Controls
--

- A. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the county. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Items Purchased</u>	<u>Cost</u>
Rock (3 purchases)	\$196,271
Hot mix	17,455
Tires	6,790
Envelopes with postage	5,229

The County Commission indicated bids are sometimes solicited through telephone calls, direct contact with vendors, or the product or service was only available from one vendor in the area; however, documentation of these contacts and sole source procurement was not maintained or recorded in the County Commission minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The County Commission approved some payments to vendors without requiring the office holder to acknowledge receipt of goods or services. For example, the County Commission purchased various road and bridge materials, such as concrete, rock, and culverts, during the two years ended December 31, 2001; however, these invoices did not indicate receipt of goods by the applicable party. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved.

To ensure the validity and propriety of expenditures, adequate supporting documentation, including acknowledgment that the specific goods and/or services were in fact received, should be maintained for all payments to vendors.

- C. In April 2000 the county separated its road and bridge operations into two districts, East and West. Each district maintains separate records, separate employees, and separate equipment. The April 1, 2000 Road and Bridge Fund cash balance was split 50/50, and subsequent revenues were split 58% for the West and 42% for the East based upon the number of miles of roads. Each district is responsible for their own expenditures. After the 2000 census results, Jackson township was moved from the West to the East which evenly distributed the miles of roads in each district and the revenues are now split 50/50.

In 2001 the Eastern District did not have an adequate cash balance to pay for rock and borrowed \$49,000 through a tax anticipation note. The note plus interest totaling \$50,240, was paid in January 2002. Financial information for the Eastern and Western District is as follows:

	Total Special Road & Bridge Fund	Eastern District	Western District
Balance, April 1, 2000	\$ 111,924	55,962	55,962
Receipts	627,407	301,442	325,966
Disbursements	689,738	353,151	336,587
Balance, December 31, 2000	49,593	4,252	45,341
Receipts	967,233 *	508,894	458,339
Disbursements	925,239	478,335	446,904
Balance, December 31, 2001	\$ 91,587	34,811	56,776

*Includes \$49,000 from the tax anticipation note.

The county's reasons for dividing the Special Road and Bridge Fund into two separate districts is not clear. In addition, the county's method of dividing the funds is questionable, as no consideration was given to road quality at the time of the split, assessed valuations of the two districts, etc. Further, if the county had not separated the Special Road and Bridge fund, it appears it would not have been necessary for the county to borrow funds and incur interest expenses. The county should evaluate the need to keep the road and bridge operations as separate funds, and ensure all available resources are used efficiently to manage the county's road and bridge operations.

- D. Uniform allowances of \$40 and a carwash allowance of \$15 are paid monthly to

Sheriff's deputies. These allowances totaled approximately \$3,900 each year. The deputies are not required to submit an itemized report of expenditures and these amounts are not reported on the deputies' W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.340(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual uniform and carwash expenses as they are incurred.

- E. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. An account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book could be used by the County Commission to verify the County Collector's annual settlements.

- F. The county grades personal driveways for county residents upon their request. For this service the county normally charges \$40 per hour; however, according to county officials, the county does not always charge for this service if the driveway is small. The County Commission indicated they also install culverts if adjacent to a county road at no charge to the resident, but discontinued selling culverts to residents in 2000. The County Clerk prepares the billings and payments are sent directly to the County Treasurer.

The county has not implemented a formal written policy regarding the grading of personal driveways or installing culverts. In addition, no record is kept by the road and bridge department to track which driveways were graded or where the culverts were installed. Furthermore, these services are provided without regard to the actual cost incurred by the county to provide such services.

The County Commission should develop formal written policies to document the provision of these services. In addition, the County Commission should ensure that the county is receiving adequate reimbursement for these services so as to recover any associated costs.

Conditions D. and F. were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Require acknowledgment of receipt of goods and/or services prior to payment.
- C. Evaluate the need to keep the road and bridge operations as separate funds, and ensure all available resources are used efficiently to manage the county's road and bridge operations.
- D. Require the Sheriff's employees to submit reports of uniform and carwash expenses or report these allowances as other income on the employee's W-2 forms. In addition, the prior years' W-2 forms should be amended for any reimbursements for which adequate accounting cannot be provided.
- E. Ensure the County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.
- F. Establish a formal written policy for providing grading services and installation of culverts, develop a system to track to whom these services have been provided and ensure that the county is receiving adequate reimbursement for such services.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will abide by the recommendation to solicit bids and document the bids in the minutes.*
- B. *We will now require acknowledgement of receipt of goods prior to payment.*
- C. *We will review our decision to separate these funds and ensure we document our reasons for keeping the funds separate. We will also evaluate how the property taxes are split and adjust the property taxes if necessary.*
- D. *Car wash expenses are now being tracked and in the future we will ensure the uniform expenses are documented.*
- E. *The County Clerk is currently in the process of starting this.*

- F. *We will look into adopting a written policy for grading services. These services are no longer performed as often as in the past. We no longer spend the amount of time grading private drives as we used to.*

2.	Budgetary Procedures
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A. Formal budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. Chapter 50, RSMo 2000 requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission would be able to more effectively evaluate all county resources.

B. Actual expenditures exceeded budgeted amounts in the following funds:

<u>Fund</u>	<u>For the years ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
Law Enforcement Training	\$ N/A	671
Prosecuting Attorney Training	526	N/A
Law Enforcement Sales Tax	N/A	45,931
Peace Officer Standards Training	1,018	N/A
Recorder User Fee	N/A	732
Circuit Clerk Interest	447	N/A

It appears this situation occurred because the County Commission and County Officials do not effectively monitor the budgetary status of the various funds. It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

Conditions A. and B. were noted in prior reports.

WE RECOMMEND the County Commission:

- A. Ensure budgets are prepared or obtained for all county funds.
- B. Not authorize warrants in excess of budgeted expenditures.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will ensure budgets are prepared for all funds in 2003.*
- B. *We compare budget amounts to actual amounts quarterly.*

3. County Officials' Compensation and Bonding
--

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Ozark County's Associate County Commissioners salaries were each increased approximately \$2,000 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, Bryant, Hambelton, and Robertson, totaling approximately \$1,700, \$2,100, and \$4,000, respectively, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any other raises given to other officials within their term of office should be re-evaluated for propriety.

- B. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

WE RECOMMEND the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

- B. Obtain bond coverage for all county employees with access to monies.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Our decision to give raises to Associate County Commissioners was made in good faith based upon the statutes at that time. Since one of the Associate Commissioners who received this compensation is deceased, we will not pursue repayment.*
- B. *We will contact an insurance company about obtaining a blanket bond.*

4. Commission Minutes

The Presiding Commissioner makes notes of commission meetings, then uses these notes to type the commission minutes. These typed minutes are given to the County Clerk, who then retypes the minutes into the official minute book. These minutes do not provide adequate detail of the County Commission meetings. Also, as of July 17, 2002 the last entry in the minute book was July 1, 2002 and unofficial minutes were not available.

During the two years ended December 31, 2001, the minutes showed who was present, included a few sentences to document the discussions held, and documented the approval of the minutes by the County Commissioners. However, the minutes did not document voting, abstaining from voting, phone bids solicited or sole source procurement. For instance, Ozark County purchased concrete totaling \$16,680 and \$5,970 in 2001 and 2000, respectively, from a local concrete company owned by Associate Commissioner Robertson's brother-in-law. Although the County Commissioners indicate this is a sole source provider, this fact as well as the votes approving the purchase of concrete are not noted in the commission minutes. Abstentions from voting are also not documented.

Section 51.120, RSMo 2000, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Timely preparation and approval not only ensures authenticity of official minutes, but allows a review of the contents to ensure that the minutes include all important information regarding the meetings held.

Section 610.020, RSMo, states that the minutes shall include the date, time, place, members present, members absent, and a record of votes taken. Complete and accurate minutes provide an official record of board actions and decisions. In addition, discussions and decisions concerning situations where a potential conflict of interest exists should be clearly documented so that the public has assurance that no official has acted improperly. In addition, Section 610.023 (part of the Sunshine Law) prescribes that each public governmental body shall make that body's public records available for inspection and

copying by the public. The intent of the Sunshine Law is to ensure that public governmental bodies conduct their business in a manner that is open to public scrutiny. To comply with the Sunshine Law, each public governmental body must keep an accurate record of the business conducted.

WE RECOMMEND the County Commission ensure a complete record of meetings is prepared and approved on a timely basis.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will provide the County Clerk more detailed commission minutes in the future including bidding information.

5. Recycling Center

The Recycling Center collected fees from selling recyclable materials totaling \$7,728 and \$7,416 in 2001 and 2000, respectively. Recyclable materials are periodically picked up from the recycling center by various vendors. These vendors periodically remit payment for these materials to the County Treasurer. No records of materials, including quantities and date picked up by the vendor, are maintained at the center and submitted to the County Treasurer to be reconciled to amounts received from the vendors. In addition, no billings are prepared and sent to the various vendors. Without adequate controls and records of recyclable materials, the county has little assurance it is receiving proper payment from these vendors. The County Commissioners responded in our prior report this was implemented; however, no improvements have been made.

WE AGAIN RECOMMEND the County Commission require appropriate records of sales and billings be prepared at the recycling center and copies forwarded to the County Treasurer. These records should then be reconciled to the County Treasurer's receipt records.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We now have a set of scales and we will maintain a log of the bales sold to reconcile to money received from the vendors.

6. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. Currently, the County Clerk maintains an inventory listing of

fixed assets held by county officials. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. However, during our review of equipment purchases, we noted five of the eleven items were not recorded on the county's fixed asset listing. These items included a communications tower (\$10,000), three vehicles (\$55,970) and a waste oil burner (\$4,090). Additions to the inventory are not reconciled to equipment expenditures to ensure all fixed assets are properly recorded. Also, quarterly inspections of county owned land and buildings are not performed and physical inventory counts are not compared to property records.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings.

Similar conditions were noted in prior reports.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and physical inventory counts should be compared to property records.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will implement a policy by January 2003 to track fixed assets.

7.

Bond Forfeitures

The County Treasurer has not distributed bond forfeiture monies in accordance with state statute. Section 166.300, RSMo 2000, requires all forfeitures to be transmitted to the state for deposit into the School Building Revolving Fund annually. The County Treasurer

indicated he was not familiar with this law. During the two years ending December 31, 2001, \$7,775 in bond forfeitures were transmitted to the County Treasurer, and as of December 31, 2001 the County Treasurer's Bond Forfeiture Fund had a balance of \$8,307.

WE RECOMMEND the County Treasurer distribute all bond forfeiture monies in accordance with state law.

AUDITEE'S RESPONSE

The County Treasurer provided the following response:

I have contacted the Department of Revenue and they are sending the necessary forms to distribute the bond forfeiture funds to the proper state agency. The distribution will be completed in the next five days. Procedures are now in place to distribute bond forfeiture funds in a timely manner.

8. Health Center

A. Budgets prepared by the Health Center Board of Trustees were not accurate and complete as follows:

- The 2001 beginning cash balance was overstated by more than \$29,000 because the checking account bank balance was shown as the beginning balance instead of the reconciled bank balance.
- Actual revenues for 2000 did not include total interest earned for the year. In addition, actual revenues for 2001 and 2000 contained several classification errors. For instance, amounts reported as intergovernmental revenues were overstated by approximately \$67,000 and \$81,000 for 2001 and 2000, respectively.

For the budget documents to be of maximum assistance to the health center and to adequately inform county residents of the health center's operations and current financial position, the budget documents should be complete and accurate.

B. The Health Center did not publish annual financial statements. Section 50.800 and 50.810, RSMo, requires annual financial statements to be published for all county funds. To adequately inform the citizens of the health center's financial activities, the board should publish annual financial statements of the Health Center Fund.

C. Health Center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services is not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). Based upon CFP expenditures documented by the health center for the federal fiscal year ended September 30, 2001, we calculated an average cost of approximately \$136 per client excluding administrative costs. Failure to comply with provisions of the contract could result in decreased funding of future services.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure budgets are accurate and complete.
- B. Publish annual information of the Health Center Fund in accordance with state law.
- C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *In 2002, we intend to use the reconciled cash balance and CD interest as the beginning balance. In 2002, budget line items are classified correctly. This will be implemented this year at budget time.*
- B. *We plan to publish the 2002 financial statement as required. This will be implemented at budget time.*
- C. *We will periodically calculate and monitor the cost per client so that we will comply with the contract. Starting August 2002 Health Center personnel will monitor amounts expended on Comprehensive Family Planning.*

This report is intended for the information of the management of Ozark County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

OZARK COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ozark County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Recycling Center

Billing statements were not issued for the sales of recyclables nor was there any documentation of the quantity picked up or the date on which the recyclables were picked up.

Recommendation:

The County Commission:

Require appropriate records of sales and billings be prepared at the recycling center and copies forwarded to the County Treasurer. These records should then be reconciled to the County Treasurer's receipt records.

Status:

Not implemented. See MAR No. 5.

2. County Expenditures

A. Vendor invoices or other documentation were not available to support \$15,254 in expenditures that were approved for payment.

B. The Sheriff's deputies were not required to submit an itemized report of uniform and car wash expenditures to support allowances for these items nor were the allowances included on the employee's W-2 forms.

Recommendation:

The County Commission:

A. Ensure supporting documentation is maintained for all expenditures.

B. Require the Sheriff's employees to submit reports of uniform and carwash expenses

or report these allowances as other income on the employee's W-2 forms. In addition, the prior years' W-2 forms should be amended for any reimbursements for which adequate accounting cannot be provided.

Status:

- A. Implemented. Adequate supporting documentation was maintained for the expenditures reviewed during the audit.
- B. Not implemented. See MAR No. 1.

3. Budgets and Published Financial Statements

- A. Actual expenditures exceeded budgeted amounts in several county funds.
- B. Budgets were not prepared for some county funds.
- C. The published county financial statements did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. And the Health Center Board of Trustees not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. The Health Center did not overspend its budget; however, expenditures exceeded amounts budgeted for several other county funds. See MAR No. 2.
- B. Not implemented. See MAR No. 2.
- C. Partially implemented. Financial statements were published for all county funds, except the Health Center. See MAR No. 8.

4. Road and Bridge Procedures

The county did not have formal written policies regarding the sale and installation of culverts and the grading of private driveways. No records were maintained to document the driveways graded and the culverts sold to ensure all amounts were billed to applicable residents.

Recommendation:

The County Commission:

Establish a formal written policy for providing grading services and the sale and installations of culverts, and develop a system to track to whom these services have been provided and ensure that the county is receiving adequate reimbursement for such services.

Status:

Partially implemented. The county discontinued selling culverts in 2000; however they still install culverts on private property that borders county roads and grade private driveways. See MAR No. 1.

5. Statutory Salaries

The county increased official's salaries without documentation that the Salary Commission had met and approved the increases.

Recommendation:

The County Commission:

Consult with legal counsel regarding the salary increases and pay only the authorized salary set by the salary commission.

Status:

Implemented. The County Commission obtained a written opinion from their Prosecuting Attorney regarding the salaries of county officials; however, mid term raises were given to Associate County Commissioners which appear to be unconstitutional. See MAR No. 3.

6. General Fixed Asset Records and Procedures

The county's property records were in need of improvement in the following areas:

- A. The County Clerk did not record some additions and retirements in the general fixed asset records.
- B. Property records were not maintained in a manner that allowed beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year.
- C. Complete information was not recorded for some assets.
- D. Property tags or other identification were not attached to some assets.
- E. Annual inspections and inventory of all county-owned personal property and quarterly inspections of county-owned land and buildings had not been conducted.

Recommendation:

The County Clerk:

- A. Record all property additions and retirements in general fixed asset records as they occur and periodically reconcile general fixed asset purchases to the general fixed asset additions.
- B. Maintain general fixed asset records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances.
- C. Maintain general fixed asset records with a detailed description of each item to include acquisition dates, make, model, serial number, tag number, acquisition by fund, and date and method of disposition.
- D. Identify all general fixed assets with a number, tag, or similar identifying device.
- E. Perform an annual inventory of the county's personal property items and quarterly inspections of all county-owned land and buildings, and file a written report of the inspections made in accordance with Section 51.155, RSMo 1994.

Status:

A-E. Not implemented. See MAR No. 6.

7. Circuit Clerk/Ex Officio Recorder of Deeds' Procedures

- A. The Ex Officio Recorder of Deeds maintained custody of the Recorder User Fee Fund.

- B. Monthly listings of liabilities were not prepared for the fee account. As of February 19, 1998, \$845 of unidentified monies existed in the account.

Recommendation:

The Circuit Clerk/Ex Officio Recorder of Deeds:

- A. Turn over custody of the Recorder User Fee Fund to the County Treasurer, as required by state law.
- B. Prepare monthly listings of open items and reconcile the listings to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.

Status:

- A. Implemented. The Recorder User Fee Fund was turned over to the County Treasurer in June 2002.
- B. Partially implemented. The Circuit Clerk prepares a listing, but an unidentified amount of \$580 remains at May 31, 2002. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OZARK COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Ozark was named after the Ozark Mountains. Ozark County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Gainesville.

Ozark County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Ozark County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 292,243	13	270,872	14
Sales taxes	494,759	22	467,432	24
Federal and state aid	1,054,729	47	948,143	49
Fees, interest, and other	386,722	18	240,114	13
Total	\$ 2,228,453	100	1,926,561	100

The following chart shows how Ozark County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 694,304	35	620,660	33
Public safety	385,649	19	396,605	21
Highways and roads	925,239	46	869,065	46
Total	\$ 2,005,192	100	1,886,330	100

The county also received \$238,040 and \$226,155 of revenues in the Capital Improvement Sales Tax Fund, and expended \$205,640 and \$179,130 for bond payments and expenses related to constructing the jail, a sheriff's office, courthouse renovations, and a road and bridge maintenance building. In addition, Ozark County received \$268,582 and \$163,001 of revenues in the Law Enforcement Sales Tax Fund and expended \$252,516 and \$162,956 for the purpose of law enforcement in 2001 and 2000, respectively.

The county maintains approximately 386 county bridges and 750 miles of county roads.

The county's population was 6,226 in 1970 and 9,542 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 44.4	43.6	27.0	12.9	8.1
Personal property	18.4	16.6	6.9	4.3	2.6
Railroad and utilities	8.0	6.7	3.0	2.9	.9
Total	\$ 70.8	66.9	36.9	20.1	11.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ozark County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$.1694	.1600
Special Road and Bridge Fund	.2500	.2500
Health Center Fund	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 21,491	20,008
General Revenue Fund	124,124	110,073
Special Road and Bridge Fund	178,639	166,490
Assessment Fund	29,038	27,426
Health Center Fund	70,959	66,092
School districts	2,349,329	2,220,851
Ambulance district	93,825	86,169
Overplus	3,878	2,879
Cities	55,201	54,375
County Clerk	1,593	1,543
County Employees' Retirement	21,760	19,430
Commissions and fees:		
General Revenue Fund	49,035	45,667
Total	\$ <u>2,998,872</u>	<u>2,821,003</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	93 %	92 %
Personal property	89	90
Railroad and utilities	100	100

Ozark County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
General	.0050	None	None
Capital Improvements	.0050	2002	None
Law Enforcement	.0050	2008	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
David Morrison, Presiding Commissioner	\$	21,996	20,808
Gary Collins, Associate Commissioner		20,196	
Robert Bryant, Associate Commissioner			16,550
Gerald Hambelton, Associate Commissioner			1,329
Rex Robertson, Associate Commissioner		20,196	19,008
Kelly Maddox, County Clerk		30,600	28,800
Tom Cline, Prosecuting Attorney		36,900	35,100
Steve Bartlett, Sheriff		35,100	34,000
David Ford, County Treasurer		22,644	21,312
David Goodnight, County Coroner		8,550	
Charles R. Fish, County Coroner			9,000
Janet Haskins, Public Administrator		18,000	
Kay Campbell, Public Administrator (1)			18,524
Edna Jones, County Collector, year ended February 28 (29),	30,600	28,800	
Katherine Loftis, County Assessor (2), year ended August 31,		31,500	29,700
Tim Morgan, County Surveyor (3)		N/A	
Jerry Anderson, County Surveyor (3)			N/A

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
John Jacobs, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	2	0
Prosecuting Attorney	1	0
Sheriff *	15	0
County Assessor	1	0
Associate Division	0	1
Probate Division**	0	1
Road and Bridge	17	0
Health Center***	14	0
Recycling Center	2	0
Total	<u>53</u>	<u>3</u>

* Includes two part-time employees

** Includes one part-time employee

***Includes seven part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Ozark County's share of the Forty-Fourth Judicial Circuit's expenses is 23.09 percent.

In 1995, the county entered into a \$1,340,000 certificate of participation for constructing a jail, sheriff's office, courthouse renovations, and a road and bridge maintenance building. Principal and interest payments are made from the Capital Improvement Sales Tax Fund. At December 31, 2001, the County owed \$475,000 in principal and \$30,263 in interest for a total of \$505,263. In addition to the funds presented in the financial statements, the county had approximately \$209,000 in reserve accounts held by the Bank of New York of which approximately \$74,800 was applied toward the county's principal payment in 2001. The remaining \$134,200 will be applied toward future principal and interest payments.